

HALF YEAR RESULTS

For the six months ended 31 December 2022

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- **Lakeland Solar & Storage Project acquired**
- **\$1.7 million placement completed with funds used to advance the Build Own Operate portfolio as well as other growth initiatives**
- **Ongoing execution of Build Own Operate strategy, with final-stage approvals for several projects obtained**
- **Extensive and evolving pipeline of additional clean energy assets where MPower holds exclusive development rights**
- **Further refinement of unique solar farm development specification, including hybrid designs that leverage the group's expertise in battery storage**
- **Cash of \$1.4 million at Half Year and growing revenue streams from the Lakeland asset**

Sydney – 28 February 2023 – MPower Group Limited (ASX: MPR)

Leading specialist renewable energy and battery storage development company MPower Group Limited (ASX: MPR) is pleased to provide the following report for the Half Year ended 31 December 2022 (**Half Year**).

Lakeland Solar & Storage Asset

During the Half Year, MPower acquired the profitable Lakeland Solar & Storage asset, a major milestone given the group is now for the first time delivering direct sales of clean energy to the Queensland domestic market. Located in Cooktown Shire, North Queensland, Lakeland comprises a 10.8MWac solar farm and an associated 1.4MWac/5.3MWh lithium-ion battery storage facility.

Lakeland is the first power producing asset in a portfolio of clean energy generating and storage assets that MPower is establishing across Australia, aligning with its Build Own Operate strategy. Lakeland has been operating since 2017 and has a long-term power purchase agreement out to 2030 with Origin Energy for 100% of the solar power output.

When the Lakeland acquisition was announced, MPower targeted additional annual revenues of \$1.8 million, flowing through to \$800,000 in annual earnings before interest, tax, depreciation and amortisation (EBITDA) (*refer ASX Announcement 16 May 2022*). With stable revenues complemented by improved operational efficiencies, the Company now expects Lakeland's annual EBITDA contribution will exceed its initial estimates, thereby enhancing the value of the project which is 100% owned by MPower.

The acquisition has been recorded at cost in the Half Year Report. A valuation of the acquisition is being undertaken which will be reflected in the financial statements for the 30 June 2023 financial year.

Ready-To-Build Assets

In January 2023, MPower completed the acquisition of the Faraday Renewable Energy Project in regional Victoria for a total consideration of \$462,000 (*refer ASX Announcement 30 January 2023*). Acquisition of the shovel-ready Faraday development assets follows an extensive period of collaboration with the development vendor and local authorities since the Asset Purchase Agreement was first announced in 2021. It marks the next step forward in MPower's long-term portfolio strategy, and directly aligns with its stated goal to create a distributed portfolio of small utility-scale renewable power and battery storage assets capable of supplying clean energy to high-demand regional areas in a flexible and cost-effective way.

Earlier this month, the Company announced its flagship solar PV / battery storage project in South Australia had reached ready-to-build status. Located in Kadina, South Australia, MPower's clean energy development comprises a 5MW solar farm with a DC-coupled 5MW/10MWh battery storage capability. The grid connection terms enable clean energy generated by the solar PV facility to be exported via a 5MW connection to the distribution network. Importantly, the project also has the benefit of an import capability that will enable the battery to be charged during periods of low or negative prices, in turn facilitating the sale of energy during peak pricing periods.

Build Own Operate Pipeline

MPower is well-positioned for further growth in revenue and EBITDA through the development of its Build Own Operate strategy with an expanding pipeline of development assets being pursued by the Company in conjunction with its development partners.

The BOO strategy gained momentum in the six-month period with the Company adding the Moulamein Renewable Energy Project, located in Murray River Council region of southern NSW, to its portfolio of development projects.

MPower holds exclusive development rights at a further six project sites across Australia. With Lakeland now contributing positively to net group earnings, the Company is uniquely positioned to repeat that success at other sites following the pending receipt of final development approvals, providing it with a unique opportunity to generate a material uplift in operating revenues and net earnings over the medium to long-term.

MPower continued to negotiate potential debt and equity funding options for the BOO portfolio during the Half Year and currently has a number of funding channels under consideration and at various stages, which are being progressed in parallel with project development. The Board is committed to ensuring a funding outcome that results in the most favourable long-term outcome for shareholders.

The Company has also assessed other acquisition opportunities, similar in nature to the Lakeland project, where MPower can deploy its operating team to improve the asset's financial performance. This is an ongoing focus.

Financial Overview

The increase in revenue to \$2.2 million in the Half Year has been driven by the first revenue being booked from the Company's maiden revenue-generating solar and battery storage asset, the Lakeland Solar and Storage Project. Revenue first materialised in August 2022 and is supported by a fixed price Power Purchase Agreement with Origin Energy for 100% of the project's output.

MPOWER's service and maintenance division continued to perform steadily during the Half Year and is expected to benefit over time from maintaining and servicing the growing portfolio of solar and battery storage projects under MPOWER's management as the portfolio expands.

MPOWER's cash balance was \$1.4 million at Half Year.

Banking Facilities

In July 2022 MPOWER successfully extended its banking facilities with St George Bank for a further 12 months to 15 July 2023. Principal repayments totalling \$258,000 were made during the Half Year, reducing the loan balance to \$4.9 million at the end of December 2022.

The acquisition of the Lakeland Solar & Storage asset includes a limited recourse project finance facility from NORD/LB. The long-term facility matures in 2031, with interest and principal repayments to be made every six months. The project finance facility has a fixed rate of 5.6% for the duration of the facility and the balance at Half Year was \$7.6 million.

Capital Raising

During the Half Year the Company successfully completed a \$1.7 million placement, before costs, with funds deployed to advance the Company's strategy and for general working capital purposes. \$0.38 million of the \$1.7 million was committed by interests associated with the Company's Chief Executive Officer and Chairman.

Looking Ahead

The Company made substantial progress in the Half Year in advancing its pipeline of development projects together with the successful acquisition and optimisation of the Lakeland Solar & Storage Project. Moving forward, the Company is focussed on progressing the development projects that are now shovel-ready, including finalising the funding arrangements for those projects.

The sector is enjoying significant tailwinds and the Company's unique portfolio of distributed clean energy assets is well positioned to benefit from the development and portfolio establishment work that has been undertaken to date.

Ends

Contact

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This announcement has been authorised by the Board of MPower Group Limited.

About MPower

MPower Group Limited (ASX: MPR) is a technology-led company with a long history specialising in the delivery of reliable on-grid and off-grid power solutions for blue chip corporate and government customers. Headquartered in Sydney, MPower's team of professionals has successfully delivered turn-key solar, battery storage and micro grid projects across the region.

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